



Technical information: (202) 691-6378
<http://www.bls.gov/cps/>

USDL 06-1454

Media contact: 691-5902

For release: 10:00 A.M. EDT
Thursday, August 17, 2006

WORKER DISPLACEMENT, 2003–2005

During the January 2003 through December 2005 period, 3.8 million workers were displaced from jobs they had held for at least 3 years, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The number of displaced workers decreased from 5.3 million in the previous survey that covered the period from January 2001 through December 2003.

Since 1984, the Employment and Training Administration of the U.S. Department of Labor has sponsored surveys that collect information on workers who were displaced from their jobs. These surveys have been conducted biennially as supplements to the Current Population Survey (CPS), a monthly survey of households that is the primary source of information on the nation's labor force.

Displaced workers are defined as persons 20 years of age and older who lost or left jobs because their plant or company closed or moved, there was insufficient work for them to do, or their position or shift was abolished. The period covered in this study was 2003–05, the 3 calendar years prior to the January 2006 survey date. The following analysis focuses primarily on the 3.8 million persons who had worked for their employer for 3 or more years at the time of displacement (referred to as long-tenured). An additional 4.3 million persons were displaced from jobs they had held for less than 3 years (referred to as short-tenured). Combining the short- and long-tenured groups, the number of displaced workers totaled 8.1 million from 2003–05, down from 11.4 million during the period covered by the prior survey (2001–03).

Results from the January 2006 survey included the following highlights:

- About 70 percent of the long-tenured displaced were reemployed at the time of the survey.
- Just under half of long-tenured displaced workers cited plant or company closings or moves as the reason for their displacement.
- Forty-five percent of displaced workers who had worked for their employer for 3 or more years had received written advance notification that their jobs would be terminated. Those who had received advance notice, however, were no more likely to be reemployed in January 2006 than were those who had not been notified.
- About 28 percent of long-tenured displaced workers lost jobs in manufacturing.
- About half of the long-tenured workers who were displaced from full-time wage and salary jobs and who were reemployed in such jobs had earnings that were as much or more than those on the lost job. Twenty-nine percent experienced earnings losses of 20 percent or more.

Characteristics of the Reemployed

About 70 percent of the 3.8 million long-tenured displaced workers were reemployed when surveyed in January 2006. The proportion unemployed at the time of the survey was 13 percent. The remaining 17 percent of long-tenured displaced workers were not in the labor force. (See table 1.)

In January 2006, reemployment rates for workers ages 20 to 24 and those in the central-age group (ages 25 to 54) were 66 and 75 percent, respectively. Reemployment rates were slightly lower for older workers ages 55 to 64 (61 percent). Among those age 65 years and older, by contrast, only 25 percent were reemployed; 64 percent of that group were no longer in the labor force when surveyed.

In January 2006, 74 percent of men who were displaced from their jobs were reemployed, compared with 66 percent of women. Displaced men and women had about an equal likelihood of being unemployed, but the share of displaced women who had left the labor force, at about 21 percent, was higher than that for men—13 percent.

In January 2006, reemployment rates for whites (70 percent), blacks (71 percent), and Asians (72 percent) were similar, while the rate for Hispanics was lower (60 percent).

Reason for Job Loss and Receipt of Advance Notice

Of those long-tenured workers displaced during the January 2003 through December 2005 period, 49 percent lost or left their jobs due to plant or company closings or moves, 29 percent reported that their position or shift was abolished, and 22 percent cited insufficient work as the reason for being displaced. (See table 2.) The proportion of displaced workers reporting plant closings or moves was up slightly from the prior survey, and the share citing insufficient work was down.

More than 4 in 10 long-tenured displaced workers received written advance notice that their jobs would be terminated, similar to the proportion in prior surveys. In January 2006, those workers who lost jobs due to plant or company closings or moves and shift abolishment were most likely to have received written advance notice of their impending job loss, at 53 and 48 percent, respectively. In comparison, only 25 percent of those who lost jobs due to insufficient work were notified in advance. Regardless of the reason for displacement, receipt of written advance notice appears to have had little impact on the likelihood of being reemployed in January 2006. Reemployment rates were little different for those who did and those who did not receive advance notice—69 and 71 percent, respectively. (See table 3.)

Industry and Occupation

As in prior surveys, manufacturing accounted for a disproportionately large share of displaced workers. During the 2003–05 period, 1.1 million factory workers were displaced from their jobs—28 percent of all long-tenured displaced workers. Manufacturing displacements were again concentrated within the durable goods component (688,000), particularly in computers and electronic products, primary metals and fabricated metal products, and transportation equipment. (See table 4.)

Displacements in wholesale and retail trade (508,000) accounted for 13 percent of all long-tenured workers displaced during the 2003–05 period. Long-tenured displaced workers in professional and business services (406,000) made up 11 percent of the total.

The reemployment rate for displaced manufacturing workers was 65 percent, lower than the overall reemployment rate for displaced workers (70 percent). (Workers were not necessarily reemployed in the same industries from which they were displaced.) Reemployment rates for workers displaced from jobs in

the transportation and utilities industry and in the financial activities industry (77 percent each) were above average.

In the January 2006 survey, persons displaced from managerial, professional, and related occupations accounted for 34 percent of all long-tenured displaced workers. Sales and office occupations accounted for about one-quarter of the long-tenured worker displacements. Workers in production, transportation, and material moving jobs made up about one-fifth of the long-tenured displaced; workers in these occupations tend to be employed in the manufacturing industry. (See table 5.)

Among the major occupational groups, the reemployment rate was highest for workers displaced from management, professional, and related occupations (74 percent) and lowest for those displaced from production, transportation, and material moving occupations (63 percent).

Geographic Divisions

The number of long-tenured workers displaced in each geographic division in the United States was lower during the 2003–05 period than compared to the prior survey. The distribution of displacement among the divisions, however, was about the same as in the prior survey. In January 2006, those residing in the South Atlantic and Pacific divisions had the highest reemployment rates; about three-quarters of the displaced in each of these divisions were reemployed at the time of the survey. (See table 6.)

Earnings

Of the 2.4 million reemployed displaced workers who lost full-time wage and salary jobs during the 2003–05 period, 2.0 million were working in such jobs in January 2006. Of these reemployed full-time workers who reported earnings on their lost job, 51 percent were earning as much or more in their new jobs as they had earned on the job they lost. This was higher than the proportion recorded in the January 2004 survey (43 percent). In January 2006, 29 percent reported earnings losses of 20 percent or more. (See table 7.)

Total Displaced Workers (With No Tenure Restriction)

The total number of workers displaced during the 2003–05 period (regardless of how long they had held their jobs) was about 8.1 million; the number of such workers during the 2001–2003 period was 11.4 million. About two-thirds of the total displaced during the most recent period had found new jobs when surveyed in January 2006, while 16 percent were unemployed, and 16 percent were not in the labor force. (See table 8.)

Compared with long-tenured displaced workers, the short-tenured were more likely to be young and to have lost jobs in construction, in leisure and hospitality, and in professional and business services.

Technical Note

The data presented in this release were collected through a supplement to the January 2006 Current Population Survey (CPS), the monthly survey of about 60,000 households that provides the basic data on employment and unemployment for the nation. The CPS is conducted by the U.S. Census Bureau for the Bureau of Labor Statistics (BLS). The purpose of this supplement was to obtain information on the number and characteristics of persons who had been displaced (as defined below) from their jobs over the prior 3 calendar years.

Data presented in this release are based on Census 2000 population controls. This was the same basis as the January 2004 survey. Previously published estimates of displaced workers from the February 2000 and January 2002 surveys were based on population controls from the 1990 census. The estimates from these earlier surveys have been recalculated using the new Census 2000-based population controls. The revised population controls raised the overall number of displaced workers in each survey, but had little or no impact on rates.

Revised versions of the news release tables for the February 2000 and January 2002 displaced worker surveys were made available on the BLS Web site.

For a discussion of the revised population controls and the impact that their introduction had on the basic CPS data, see “Revisions to the Current Population Survey Effective in January 2003” in the February 2003 issue of *Employment and Earnings* and available at <http://www.bls.gov/cps/rvcps03.pdf> on the BLS Web site. Also see Adjustments to Household Survey Population Estimates articles in the February 2004 and 2005 issues of *Employment and Earnings*. Both articles are available on the BLS Web site at <http://www.bls.gov/cps/cps04adj.pdf> and <http://www.bls.gov/cps/cps05adj.pdf>.

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-691-5200; TDD message referral phone number: 1-800-877-8339.

Reliability of the estimates

Statistics based on the CPS are subject to both sampling and nonsampling error. When a sample, rather than the entire population, is surveyed, there is a chance that the sample estimates may differ from the “true” population values they represent. The exact difference, or *sampling error*, varies depending on the particular sample selected, and this variability is measured by the standard error of the estimate. There is about a 90-percent chance, or level of confidence, that an estimate based on a sample will differ by no more than 1.6 standard errors from the “true” population value because of

sampling error. BLS analyses are generally conducted at the 90-percent level of confidence.

The CPS data also are affected by *nonsampling error*. Nonsampling error can occur for many reasons, including the failure to sample a segment of the population, inability to obtain information for all respondents in the sample, inability or unwillingness of respondents to provide correct information, and errors made in the collection or processing of the data.

For a full discussion of the reliability of data from the CPS and information on estimating standard errors, see the “Explanatory Notes and Estimates of Error” section of *Employment and Earnings*.

Concepts

The first question asked of survey respondents to the CPS Supplement was, “During the last 3 calendar years, that is, January 2003 through December 2005, did (you/name) lose a job or leave one because: (your/his/her) plant or company closed or moved, (your/his/her) position or shift was abolished, there was insufficient work, or another similar reason?” If the answer to that question was “yes,” then the respondent was asked to identify which reason, among the following, best described the reason for the job loss:

- Plant or company closed down or moved

- Plant or company operating but lost or left job because of:

 - Insufficient work

 - Position or shift abolished

 - Seasonal job completed

- Self-operated business failed

- Some other reason

Respondents who provided one of the first three reasons—plant or company closed or moved, insufficient work, or position or shift abolished—were then asked questions about the lost job, including how many years it had been held; the year the job was lost; its earnings, industry, and occupation; and whether health insurance had been provided. Other questions were asked to determine what transpired before and after the job loss, such as: Was the respondent notified of the upcoming dismissal? How long did he/she go without work? Did he/she receive unemployment benefits? And, if so, were the benefits used up? Did the person move to another location after the job loss to take or look for another job? Information also was collected about current health insurance coverage (other than Medicare and Medicaid) and current earnings for those employed in January 2006.